



Overview of Department of Revenue corporate income tax e-check deposits

- Department of Revenue internal audit unit, created in 2007, determined that estimated payments of corporate income tax via e-check were not appropriately transferred from a “collections” account to the General Fund.
- As an efficiency improvement, the department began to offer corporations the option of making estimated payments via e-check in 2007. However, the computer software was not updated at the time, leaving these e-check funds in the collections account instead of moving them to the General Fund.
- E-check receipts impacted since 2007:
 - FY2007 -- \$4,730,578.05 (1.5 percent of total amount)
 - FY2008 -- \$29,574,930.01 (9.2 percent)
 - FY2009 -- \$56,243,768.64 (17.6 percent)
 - FY2010 -- \$58,300,950.61 (18.2 percent)
 - FY2011 -- \$139,194,582.51 (43.5 percent)
 - FY2012 (YTD) -- \$32,148,409.42 (10 percent)
- 28 revenue streams go into the collection account; 27 of those revenue streams were accurately identified and swept by the computer program. All funds except estimated payments of corporate income tax via e-check were transferred appropriately.
- Approximately \$12 billion in funds flows through the collections account each year. That means approximately \$60 billion has moved through over the past five years. \$59.7 billion or 99.5 percent was appropriately swept to other accounts.
- State has always had the funds and has earned interest.
- The software error has been corrected effective December 1, 2011, and the Department of Revenue is working with the auditor, the state budget agency and state board of accounts to make appropriate adjusting entries for previous reporting years.